

**SF PHOSPHATES LIMITED COMPANY**

A UTAH LIMITED LIABILITY COMPANY

9401 North Highway 191

Vernal, UT 84078-7802

(801) 789-7795

FAX (801) 789-2944

DATE: 3-10-93TIME: 3:40SUBJECT: Rec Contract

TO:

Tony Gallegos  
DOGM

FROM:

Ron Ryan  
SF PhosphatesNUMBER OF PAGES: 3 (Including Cover Page)

TELECOPIER OPERATOR: \_\_\_\_\_

If you do not receive all pages, please call (801) 789-7795.

c:fax

**SF PHOSPHATES LIMITED COMPANY**

A UTAH LIMITED LIABILITY COMPANY

9401 North Highway 191

Vernal, UT 84078-7802

(801) 789-7795

FAX (801) 789-2944

DATE: March 10, 1993 TIME: 2:34  
SUBJECT: Rec. Contract M/047/007

TO:

Tony Gallegos  
DOGM

FROM:

Ron Ryan  
SF Phosphates

NUMBER OF PAGES: 14 15 (Including Cover Page)

TELECOPIER OPERATOR: \_\_\_\_\_

If you do not receive all pages, please call (801) 789-7795.

c:fax

FORM MR-RC

File Number M/047/007Revised October 23, 1991  
RECLAMATION CONTRACT

Effective Date

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

## RECLAMATION CONTRACT

---00000---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/007  
(Mineral Mined) Phosphates

"MINE LOCATION":  
(Name of Mine) Vernal Phosphates Opns  
(Description) 11 miles N. of Vernal  
Utah in Uintah County

"DISTURBED AREA":  
(Disturbed Acres) 861.7  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) SF Phosphates Limited Co.  
(Address) 9401 N. Hwy 191  
Vernal, UT 84078-7802  
(Phone) (801) 789-7795



**"OPERATOR'S REGISTERED AGENT":**

(Name)

(Address)

(Phone)

SF Phosphates Limited Company9401 N. Hwy 191Vernal, UT 84078-7802(801)789-7795**"OPERATOR'S OFFICER(S)":**James Williams, Vice President**"SURETY":**

(Form of Surety - Exhibit B)

Surety Bond**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

**"SURETY AMOUNT":**

(Escalated Dollars)

2,024,000**"ESCALATION YEAR":**1996**"STATE":****"DIVISION":****"BOARD":**State of UtahDivision of Oil, Gas and MiningBoard of Oil, Gas and Mining**EXHIBITS:**

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between SF Phosphates Ltd. Co. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/007 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intent, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Divisions's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.



6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with the Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgement and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety

Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

James Williams

Authorized Officer (Typed or Printed)

\_\_\_\_\_  
Authorized Officer's Signature

\_\_\_\_\_  
Date

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

By \_\_\_\_\_

James W. Carter, Chairman  
Utah State Board of Oil, Gas and Mining



## DIVISION OF OIL, GAS AND MINING:

By: \_\_\_\_\_  
Lowell P. Braxton, Acting Director\_\_\_\_\_  
DateSTATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_,  
personally appeared before me, who being duly sworn did say that he/she,  
the said \_\_\_\_\_ is the Acting Director of the  
Division of Oil, Gas and Mining, Department of Natural Resources, State  
of Utah, and he/she duly acknowledge to me that he/she executed the  
foregoing document by authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_\_\_\_\_\_  
My Commission Expires:



OPERATOR:

SF Phosphates Limited Company  
Operator Name

By: James Williams, Vice President  
Corporate Officer - Position

Signature: \_\_\_\_\_

\_\_\_\_\_ Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_,  
personally appeared before me, \_\_\_\_\_ who being duly  
sworn did say that he/she, the said \_\_\_\_\_ is the  
\_\_\_\_\_ of \_\_\_\_\_ and duly  
acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and  
said \_\_\_\_\_ duly acknowledged to me that said company  
executed the same.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

Page 8 of 9  
Form MR-RC



## ATTACHMENT "A"

SF Phosphates Limited Company      Vernal Phosphate Operation  
Operator      Mine Name

M/047/007      Uintah      County, Utah  
Permit Number

## The legal description of lands to be disturbed is:

Lands to be disturbed are in Uintah County, Utah and include portions of:

SE 1/4 Section	18,	Township 2 South,	Range 22 East,	SLBM
NE 1/4 Section	19,	Township 2 South,	Range 22 East,	SLBM
SE 1/4 Section	19,	Township 2 South,	Range 22 East,	SLBM
NE 1/4 Section	30,	Township 2 South,	Range 22 East,	SLBM
SE 1/4 Section	30,	Township 2 South,	Range 22 East,	SLBM
	Section 31,	Township 2 South,	Range 22 East,	SLBM
SE 1/4 Section	36,	Township 2 South,	Range 21 East,	SLBM
NW 1/4 Section	17,	Township 2 South,	Range 22 East,	SLBM
SW 1/4 Section	17,	Township 2 South,	Range 22 East,	SLBM
	Section 20,	Township 2 South,	Range 22 East,	SLBM
NE 1/4 Section	29,	Township 2 South,	Range 22 East,	SLBM
NW 1/4 Section	29,	Township 2 South,	Range 22 East,	SLBM
SW 1/4 Section	29,	Township 2 South,	Range 22 East,	SLBM
NW 1/4 Section	32,	Township 2 South,	Range 22 East,	SLBM
SW 1/4 Section	32,	Township 2 South,	Range 22 East,	SLBM
NE 1/4 Section	1,	Township 3 South,	Range 21 East,	SLBM
NW 1/4 Section	5,	Township 3 South,	Range 22 East,	SLBM
NW 1/4 Section	6,	Township 3 South,	Range 22 East,	SLBM
NE 1/4 Section	6,	Township 3 South,	Range 22 East,	SLBM

See Attached Map  
Titled Map A

**EXHIBIT "B"**

MR FORM 5

October 1991

Bond Number \_\_\_\_\_  
Permit Number M/047/007  
Mine Name Vernal Phosphate Opns

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION OF OIL, GAS and MINING**  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

**THE MINED LAND RECLAMATION ACT****SURETY BOND**

\*\*\*\*\*

The undersigned SF Phosphates Limited Company,  
as Principal, and \_\_\_\_\_,  
as Surety, hereby jointly and severally bind ourselves, our heirs,  
administrators, executors, successors and assigns, jointly and  
severally, unto the State of Utah, Division of Oil, Gas and Mining  
(Division) in the penal sum of Two Million Twenty Four Thousand Dollars  
dollars (\$ 2,024,000 ).

Principal has estimated in the Mining and Reclamation Plan approved  
by the Division on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, that \_\_\_\_\_  
acres of land will be disturbed by mining operation in the State of  
Utah.

A description of the disturbed land is attached hereto as "Attachment  
1"

The condition of this obligation is that if the Division determines  
that Principal has satisfactorily reclaimed the disturbed lands in  
accordance with approved Mining and Reclamation Plan and has faithfully  
performed all requirements of the Mined Land Reclamation Act, and  
complied with the Rules and Regulations adopted in accordance therewith,  
then this obligation shall be void; otherwise it shall remain in full  
force and effect.

If the Mining and Reclamation Plan provides for periodic partial  
reclamation of the disturbed lands, and if the lands are reclaimed in  
accordance with such Plan, Act and regulations, then Principal may apply  
for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a  
gradual increase in the area disturbed or the extent of disturbance,  
then, the Division may require that the amount of this Surety Bond be  
increased, with the written approval of the Surety.



Page 2  
MR-5  
Exhibit B

Bond	Number	
Permit	Number	M/047/007
Mine	Name	Vernal Phosphate Operation

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date \_\_\_\_\_

SF Phosphates Limited Company  
Principal (Permittee)

By (Name Typed): James WilliamsTitle: Vice President

Signature: \_\_\_\_\_

Date \_\_\_\_\_

Surety

By (Name Typed): \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Page 3  
MR-5  
Exhibit B

Bond Number \_\_\_\_\_  
Permit Number M/047/007  
Mine Name Vernal Phosphates Operation

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

\_\_\_\_\_  
James W. Carter, Chairman  
Utah State Board of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.



Page 4  
MR-5  
Exhibit B

Bond Number \_\_\_\_\_  
Permit Number M/047/007  
Mine Name Vernal Phosphates Operation \_\_\_\_\_

**AFFIDAVIT OF QUALIFICATION**

\_\_\_\_\_, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) \_\_\_\_\_ of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: \_\_\_\_\_  
Surety Officer

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_, 19\_\_\_\_

Page 5  
MR-5  
Exhibit B

Bond	Number
Permit	Number M/047/007
Mine	Name Vernal Phosphates Operation

**"ATTACHMENT 1"**

SF Phosphates Limited Company  
Operator

Vernal Phosphate Operation  
Mine Name

M/047/007  
Permit Number

Uintah County, Utah

**The legal description of lands to be disturbed is:**

Lands to be disturbed are in Uintah County, Utah and include portions of:

SE 1/4 Section	18, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	19, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	19, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	30, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	30, Township 2 South, Range 22 East, SLBM
	Section 31, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	36, Township 2 South, Range 21 East, SLBM
NW 1/4 Section	17, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	17, Township 2 South, Range 22 East, SLBM
	Section 20, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	29, Township 2 South, Range 22 East, SLBM
NW 1/4 Section	29, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	29, Township 2 South, Range 22 East, SLBM
NW 1/4 Section	32, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	32, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	1, Township 3 South, Range 21 East, SLBM
NW 1/4 Section	5, Township 3 South, Range 22 East, SLBM
NW 1/4 Section	6, Township 3 South, Range 22 East, SLBM
NE 1/4 Section	6, Township 3 South, Range 22 East, SLBM

See Attached Map  
Titled Map A